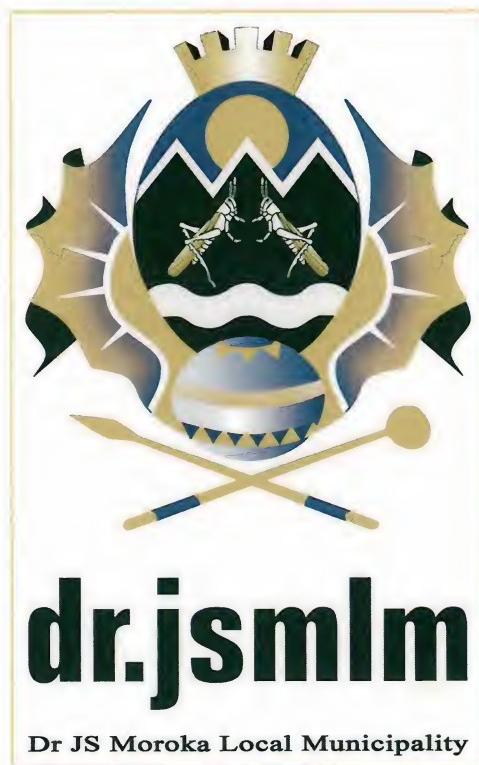


DR JS MOROKA LOCAL MUNICIPALITY



DRAFT ANNUAL BUDGET

2020/2021

“WE DEVELOP AS WE GROW”

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1. ADMINISTRATOR'S FOREWORD

The Governor of the South African Reserve Bank confirmed on 16 January 2020, in the statement of the Monetary Policy Committee that the domestic economic outlook remains fragile. Monthly inflation up to December 2019 has been lower than the mid-point of the inflation target range. The annual consumer price index for January 2020 was 4,5% up from 4,0% in December 2019. It is important to note that these CPI forecasts were published prior the Corona virus outbreak. Public health outbreaks and epidemics like this can quickly negatively affect economies and businesses.

The National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to consumers, particularly poorer households while ensuring the financial sustainability of the municipality. The MFMA Budget Circular issued in December 2019, indicated that the Consumer Price Index forecast for the 2020/2021 fiscal year remains within the upper limit of the 3 to 6 per cent target band at 4.9%.

It therefore remains relevant that we are faced with the even more challenging task of balancing the cost of providing basic services to the residents of the Dr JS Moroka with the income we are able to generate from these services, given the present state of our country's economy.

As for this year, we are looking towards this draft budget period for 2020/21 with almost overwhelming uncertainty in terms of what evolved in the past few weeks as an international crisis with the outbreak of novel coronavirus 2019 (As COVID-19, also called the Coronavirus) in the People's Republic of China, with exportations to other countries. There are still many unknowns and no vaccine yet, the effort thus to prevent the virus to spread, provided that all countries put in place strong measures to detect disease early, isolate and treat cases, trace contacts, and promote social distancing measures commensurate with the risk. It is important to note that as the situation currently continues to evolve, asking for review of strategies and measures to prevent and reduce spread of the infection.

The 2020/2021 draft annual budget is presented and tabled in terms of section 16(2) of the Municipal Finance management Act no. 56 of 2003 The Act further provides that's the municipality must take into account the national and provincial budget, the DORA as well as any other agreement reached in the relevant budget forum.

The 2020/2021 draft budget has maintained the approach of prioritizing water and sanitation projects. 80% of the total capital budget has allocated for water and sanitation within different areas of the municipality with the main aim of reducing the water infrastructure backlog at the same time addressing the issue of Coronavirus.

The efforts of the municipality to extract itself from grant dependence will only be achieved if the municipality thoroughly implement all its revenue collection strategies and plans. The budget related policies which are concurrently being tabled with the draft budget gives the municipality the necessary legal standing to enforce the collection of rates and taxes.

Therefore this 2020/2021 draft annual budget is presented for public comments and inputs.

ADMINISTRATOR
Mr B.M Mhlanga

RESOLVED

2.1 THAT, Council adopt the draft annual budget 2020/21 to 2022/2023 Medium Term Revenue and expenditure Framework

2.2. THAT, Council adopt the tariffs for the services provided by the municipality as contained in the tariff structure as follows:

2020/2021	2021/2022	2022/2023
4.5%	4.6%	4.6%

2.3. THAT, Council adopt the following budget related policies:

- 2.3.1 Budget Policy
- 2.3.2 Tariff policy and Tariff Structure
- 2.3.3 Credit Control and Debt Collection Policy
- 2.3.4 Property Rates Policy
- 2.3.5 Free Basic Services and Indigent Support
- 2.3.6 Impairment of Debt and Write-off Policy
- 2.3.7 Cash Management and Investment Policy
- 2.3.8 Supply Chain Management Policy
- 2.3.9 Asset Management Policy
- 2.3.10 Loss control policy

3. EXECUTIVE SUMMARY

National Treasury issued MFMA circular numbers 99 to guide the preparation of the 2020/2021 MTREF. The 2020/2021 budget is informed by low revenue base and lack of economic activity which has affected the anticipated revenue collection as a result of the COVID-19 pandemic. The poor revenue collection in the previous financial year has prompted the municipality to continue doing the zero based budgeting.

The municipal budget is mainly funded through National Government Grants. The purpose of Infrastructure government grants is to deliver on national government priorities relating to service delivery while the main purpose of the equitable share is to fund the provision of free basic services to the poor.

In view of the above mentioned, the following table is a consolidated overview of the 2020/21 draft Revenue and Expenditure budget

Table 1:

Revenue & Expenditure Summary	2019/2020 Adjusted Budget	2020/2021 Draft Budget	2021/2022 Draft Budget	2022/2023 Draft Budget
Revenue	774 058 952	743 064 537	779 116 700	805 364 089
Operating Expenditure	- 814 551 457	- 623 487 150	- 659 379 936	- 693 809 342
Capital Expenditure	- 125 111 000	- 118 032 750	- 128 650 900	- 136 421 900
PMU (5% OPEX)	-	- 6 212 250	- 6 771 100	- 7 180 100
CAPEX (NDM)	- 49 589 499	- 27 500 000	- 16 500 000	
OPEX (NDM)	- 3 182 004	- 4 099 537	- 2 262 500	- 2 382 820
Surplus / - Deficit	- 218 375 008	- 36 267 150	- 34 447 736	- 32 047 253

Total draft projected revenue for 2020/2021 financial year is at **R 743,064,537** which comprises of grants and own revenue and the total draft operating expenditure for the 2020/21 financial year has been projected at **R 623,487,150** which makes **80%** of the total budget and capital budget at **20%** of the total budget.

3.1 DRAFT OPERATING REVENUE

For the municipality to continue improving the quality of services provision to its community it needs to generate the required amount of revenue. In these tough economic times strong revenue management is essential to the financial sustainability of every municipality. The reality is that the municipality is faced with developmental backlogs. The expenditure required to address these challenges will always exceed available funds; hence drastic measures has to be made in relation to tariff and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2020/21 MTREF (classified by own revenue source):

The total funding or projected revenue for the draft annual budget is **R 743,064,537** which is **76%** of grants and subsidies and **24%** of own revenue projected.

The following table illustrate the own revenue by source:

Revenue by Source	2019/2020 Adjusted Budget	2020/2021 Draft Budget	2021/2022 Draft Budget	2022/2023 Draft Budget
Property Rates	36 100 000	40 000 000	41 960 000	44 016 040
Water	87 500 000	81 000 000	95 643 625	100 043 323
Sewerage	9 258 000	9 000 000	10 119 642	10 585 146
Refuse	7 364 000	6 300 000	8 049 367	8 419 638
Interest on Investment	5 000 000	5 500 000	5 769 500	6 052 206
Interest on Outstanding Debtors	47 200 000	20 000 000	51 592 904	53 966 178
Other Revenue	17 364 000	15 184 000	19 518 951	20 416 823
TOTAL	209 786 000	176 984 000	232 653 989	243 499 354

CONDITIONAL GRANTS AND SUBSIDIES

National Division of Revenue Bill allocations reflect the appropriation of Grants such as MIG, while there are strict conditions and processes for municipalities to access and retain the funding. The municipality should therefore ensure that it strives by all means to meet the conditions of the grant in order to ensure that service delivery is not disadvantaged.

The following table gives a breakdown of the various grants and subsidies allocated to the municipality over the medium term

Grant Description	2019/2020 Adjusted Budget	2020/2021 Draft Budget	2021/2022 Draft Budget	2022/2023 Draft Budget
Equitable Share	379 397 000	405 169 000	433 841 000	459 052 000
MIG	125 111 000	124 245 000	135 422 000	143 602 000
FMG	2 235 000	2 600 000	2 600 000	2 600 000
EPWP	3 078 000	2 050 000	-	-
Donation from NDM	52 771 503	31 599 537	18 762 500	2 382 820
LGSETA	1 263 449			
Disaster Relief Grant	417 000	417 000		
TOTAL	564 272 952	566 080 537	590 625 500	607 636 820

Overall grants and subsidies allocation has increased by **1%** from 2019/2020 financial year, of which Equitable Share alone has increased by **6%** and MIG has decreased by **1%**.

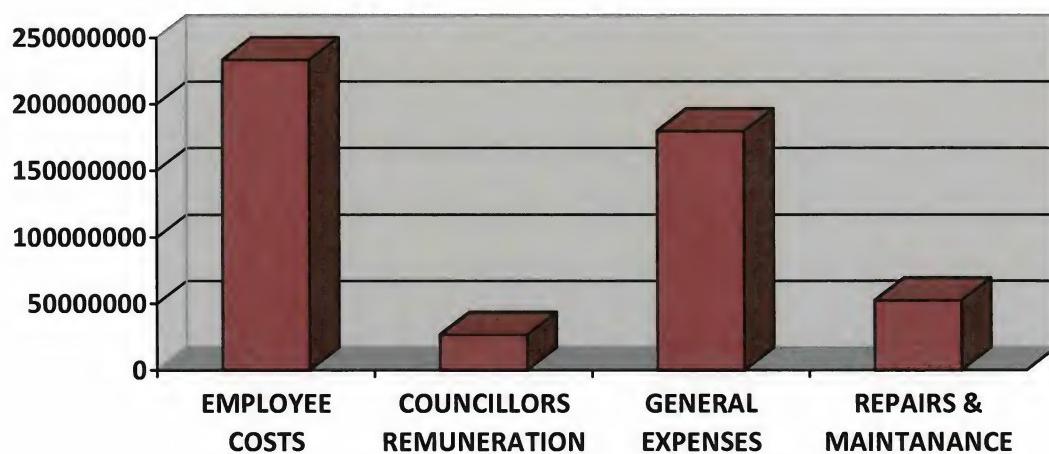
3.2 OPERATING EXPENDITURE FRAMEWORK

The following table is a high level summary of the 2020/21 draft operating expenditure budget by type:

Summary of operating expenditure by type

Expenditure by Type	2019/2020 Adjusted Budget	2020/2021 Draft Budget	2021/2022 Draft Budget	2022/2023 Draft Budget
Employee Costs	220 000 000	233 750 000	277 843 750	290 624 563
Councillors Remuneration	25 600 000	26 624 000	28 451 200	29 759 955
General Expenses	160 584 457	179 918 000	188 194 228	196 851 162
Repairs & Maintenance	33 650 000	52 366 150	27 415 660	28 676 780
Depreciation	65 000 000	66 000 000	73 220 000	76 588 120
Debt Impairment	300 000 000	50 000 000	52 300 000	54 705 800
Grants & Subsidies (<i>NDM Donation & Free Basic Services</i>)	12 482 004	46 011 537	14 132 506	14 782 601
Disaster Relief Grant	417 000	417 000		
TOTAL	817 733 461	655 086 687	661 557 344	691 988 981

The graph below illustrate the expenditure by type



1.2.1 DETAIL DRAFT OPERATIONAL BUDGET BY VOTE

ADMIN & CORPORATE SERVICES

ADMIN AND CORPORATE SERVICES

HUMAN RESOURCE	2020/21 DRAFT BUDGET	2021/22 DRAFT BUDGET	2022/23 DRAFT BUDGET
GENERAL EXPENDITURE			
HEALTH & SAFETY (115/260294)	2 500 000	2 612 500	2 730 062,50
TASK EVALUATION (115/2060281)	200 000	209 000	218 405,00
BURSARY-115/260305	500 000	522 500	546 012,50
TRAINING-115/260300	1 500 000	2 090 000	2 184 050,00
EAP	300 000	313 500	327 607,50
WCC WORKSMAN COMPESACTION FUND	2 300 000	2 612 500	2 730 062,50
SKILLS DEVELOPMENT LEVY sc6.3	1 600 000	1 672 000	1 747 240,00
LG SETA LEARNERSHIP	1 300 000	1 358 500	1 419 632,50
Ward Committee	3 800 000	3 971 000	4 149 695,00
TOTAL	14 000 000	15 361 500	16 052 768
ADMIN AND SECRETARIAT			
GENERAL EXPENDITURE			
PRINTING & STATIONERY sc6.3	1 300 000	1 358 500,0	1 419 632,5
RENTAL OF OFFICE MACHINES sc6.3	2 500 000	2 612 500,0	2 730 062,5
MATERIALS & SUPPLIERS sc6.3	20 000	20 900,0	21 840,5
MEMBERSHIP & SUBSCRIPTION FEE sc6.3	2 500 000	2 612 500,0	2 730 062,5
Office Furniture	2 500 000	2 612 500,0	2 730 062,5
TOTAL	8 820 000	9 216 900	9 631 661
LEGAL			
GENERAL EXPENDITURE			
LEGAL COSTS	5 000 000	5 225 000,0	5 460 125,00
Debt Collection	4 500 000	4 702 500,0	4 914 112,50
TOTAL	9 500 000	9 927 500	10 374 238

INFORMATION COMMUNICATION TECHNOLOGY	2020/21 DRAFT BUDGET	2021/22 DRAFT BUDGET	2022/23 DRAFT BUDGET
REPAIRS			
EQUIPMENT -IT (511/235010)	100 000	104 500,0	109 202,50
TOTAL	100 000	104 500	109 203
INTERNET	1 500 000	1 567 500,00	1 638 037,50
LICENSING	1 500 000	1 567 500,00	1 638 037,50
ICT SUPPORT	2 300 000	2 403 500,00	2 511 657,50
ICT EQUIPMENT 2019	500 000	522 500,00	546 012,50
GIS Software Licence	40 000	41 800,00	43 681,00
electrical generator and UPS systems	1 500 000	1 567 500,00	1 638 037,50
Renovations of IT serve room	1 000 000	1 045 000,00	1 092 025,00
TOTAL	8 340 000	6 102 800	6 377 426
FLEET MANAGEMENT			
REPAIRS			
VEHICLES & MACHINERY (513/235030) sc6.3	10 000 000	10 450 000,0	10 920 250,0
	10 000 000	10 450 000	10 920 250
GENERAL EXPENSE			
163 FUEL	8 000 000	8 360 000,0	8 736 200,0
FLEET MANAGEMENT	10 000 000	10 450 000,0	10 920 250,0
163 LICENSING	700 000	731 500,0	764 417,5
TOTAL	18 700 000	19 541 500	20 420 868
REPAIRS	10 100 000	10 554 500,00	11 029 452,50
GENERAL EXPENDITURE	59 360 000,00	60 150 200,00	62 856 959,00
TOTAL	69 460 000,00	70 704 700,00	73 886 411,50

COMMUNITY DEVELOPMENT SERVICES

SPECIAL PROGRAMMES	2020/21 DRAFT BUDGET	2021/2022 DRAFT BUDGET	2022/23 DRAFT BUDGET
HIV/AIDS	500 000	522 500,0	546 012,50
TRANSVERSAL	50 000	52 250,0	54 601,25
TOTAL	550 000	574 750,0	600 613,75
		-	-
SPORTS,ART.CULTURE & RECREATION		-	-
		-	-
Moyoral cup	300 000	313 500,0	327 607,50
HERITAGE	-	-	-
TOTAL	300 000	313 500,0	327 607,50
		-	-
PUBLIC SAFETY		-	-
		-	-
160 traffic vehicles 6.3	-	-	-
SECURITY (160/260430) sc6.3	32 500 000	33 962 500,0	35 490 812,50
safety awareness Campaign	200 000	209 000,0	218 405,00
TOTAL	32 500 000	33 962 500,0	35 490 812,50
		-	-
DISASTER MANAGEMENT		-	-
		-	-
Disaster management	300 000	313 500,0	327 607,50
		-	-
TOTAL	300 000	313 500,0	327 607,50
		-	-
FACILITIES		-	-
		-	-
REPAIRS		-	-
		-	-
BUILDINGS (510/235040) sc6.3	3 000 000	3 135 000,0	3 276 075,00
Paving & carports at Siyabuswa Licensing	2 000 000	2 090 000,0	2 184 050,00
		-	-
TOTAL	5 000 000	5 225 000,0	5 460 125,00
		-	-
GENERAL EXPENSES		-	-
		-	-
Material and supplies (300/260220)	30 000	31 350,0	32 760,75
CLEANING SERVICES (300/260625)	1 000 000	1 045 000,0	1 092 025,00
		-	-
TOTAL	1 030 000	1 076 350,0	1 124 785,75

MOTOR LICENSING	2020/21 DRAFT BUDGET	2021/2022 DRAFT BUDGET	2022/23 DRAFT BUDGET
REPAIRS		-	-
MACHINERY MAINTANANCE	200 000	209 000,0	218 405,00
MACHINERY CALIBRATION	50 000	52 250,0	54 601,25
		-	-
	250 000	261 250,0	273 006,25
GENERAL EXPENDITURE		-	-
DRivers License Card sc6.3	1 000 000	1 045 000,0	1 092 025,00
		-	-
TOTAL	1 000 000	1 045 000,0	1 092 025,00
		-	-
WASTE MANAGEMENT		-	-
		-	-
EXPANDED P/W INCENTIVE GRANT (520)	2 050 000	2 142 250,0	2 238 651,25
LANDFILL SITE REHABILITATION 2019	50 004	52 254,2	54 605,62
520 refuse waste management 6.3	200 000	209 000,0	218 405,00
Compactor truck	1 500 000	1 567 500,0	1 638 037,50
tractor with slasher	1 500 000	1 567 500,0	1 638 037,50
TLB Machines	1 500 000	1 567 500,0	1 638 037,50
		-	-
	6 800 004	7 106 004	7 425 774
LAND ADMIN & HUMAN SETTLEMENT		-	-
		-	-
512 LICENCE	2 000	2 090,0	2 184,05
land tenure & surveying	1 000 000	1 045 000,0	1 092 025,00
		-	-
TOTAL	1 002 000	1 047 090,0	1 094 209,05
		-	-
REPAIRS	5 250 000	5 486 250,0	5 733 131,25
GENERAL EXPENDITURE	43 482 004	45 438 694,2	47 483 435,42
TOTAL	48 732 004	50 924 944,2	53 216 567

FINANCE SERVICES

FINANCE	2020/21 DRAFT BUDGET	2021/22 DRAFT BUDGET	2022/23 DRAFT BUDGET
ASSET MANAGEMENT			
INSURANCE	5 000 000	5 225 000,0	5 460 125,0
Re-valuation of Assets	1 000 000	1 045 000,0	1 092 025,0
		-	-
TOTAL	6 000 000	6 270 000,0	6 552 150,0
		-	-
BUDGET MANAGEMENT		-	-
		-	-
MSCOA IMPLEMENTATION	1 700 000	1 776 500,0	1 856 442,5
		-	-
TOTAL	1 700 000	1 776 500,0	1 856 442,5
		-	-
EXPENDITURE MANAGEMENT		-	-
		-	-
FMG (200/260005) EXP	2 600 000	2 600 000,0	2 600 000,0
financial systems	700 000	731 500,0	764 417,5
BANK CHARGES (200 203/260050)	400 000	418 000,0	436 810,0
		-	-
TOTAL	3 700 000	3 866 500,0	4 040 492,5
		-	-
		-	-
REVENUE MANAGEMENT		-	-
		-	-
CASH MANAGEMENT SERVICES	1 000 000	1 045 000,0	1 092 025,0
Lasercom (203/260140)	250 000	261 250,0	273 006,3
		-	-
		-	-
TOTAL	1 250 000	1 306 250,0	1 365 031,3
		-	-
GENERAL EXPENDITURE	12 650 000	13 219 250,0	13 814 116,3

MUNICIPAL MANAGER'S OFFICE

MUNICIPAL MANAGERS'S OFFICE			
COUNCIL GENERAL	2020/21 DRAFT BUDGET	2021/22 DRAFT BUDGET	2022/23 DRAFT BUDGET
TRAVEL AND ACCOMMODATION - DAILY ALLOWANCE	1 200 000	1 254 000,0	1 310 430,0
TOTAL	1 200 000	1 254 000,0	1 310 430,0
PUBLIC PARTICIPATION		-	-
COMMUNITY PARTICIPATION EVENT (100/260)	50 000	52 250,0	54 601,3
TOTAL	50 000	52 250,0	54 601,3
YOUTH DEVELOPMENT		-	-
youth indaba	150 000	156 750,0	163 803,8
Career Expo	150 000	156 750,0	163 803,8
TOTAL	300 000	313 500,0	327 607,5
COMMUNICATION		-	-
Advertising	1 500 000	1 567 500,0	1 638 037,5
PRINTING	700 000	731 500,0	764 417,5
Marketing of fraud hotline	200 000	209 000,0	218 405,0
Signages	500 000	522 500,0	546 012,5
TOTAL	2 900 000	3 030 500,0	3 166 872,5

PERFOMANCE MANAGEMENT	2020/21 DRAFT BUDGET	2021/22 DRAFT BUDGET	2022/23 DRAFT BUDGET
		-	-
		-	-
INTERNAL AUDIT		-	-
PERFORMANCE AUDIT COMMITTEE	250 000	261 250,0	273 006,3
OUTSOURCING	1 000 000	1 045 000,0	1 092 025,0
AUDITING FEES	5 500 000	5 747 500,0	6 006 137,5
COMPALITION OF AFS (200/260031)	5 500 000	5 747 500,0	6 006 137,5
		-	-
TOTAL	12 250 000	12 801 250,0	13 377 306,3
		-	-
RISK MANAGEMENT		-	-
		-	-
RISK MANAGEMENT COMMITTEE (136/260046)	100 000	104 500,0	109 202,5
		-	-
		-	-
TOTAL	100 000	104 500,0	109 202,5
		-	-
REPAIRS		-	-
GENERAL EXPENSE	16 800 000	17 556 000,0	18 346 020,0

PLANNING

IDP	2020/21 DRAFT BUDGET	2021/22 DRAFT BUDGET	2022/23 DRAFT BUDGET
IDP	100 000	104 500	109 203
TOTAL	100 000	104 500	
		-	
		-	
TOWN & REGIONAL PLANNING		-	
REPAIRS		-	
MAINTENENCE OF GIS(512/235101)	250 000	261 250	273 006
		-	-
	250 000	261 250	273 006
GENERAL EXPENSE		-	-
PLANNING (512/260635)	700 000	731 500	764 418
FORMALISATION OF MORIPE GARDENS	1 000 000	1 045 000	1 092 025
SPATIAL DEVELOPMENT (SDF)	6 000	6 270	6 552
TOTAL	1 706 000	1 782 770	1 862 995
REPAIRS	250 000	261 250	273 006
GENERAL EXPENSE	1 806 000	1 887 270	1 972 197
TOTAL	2 056 000	2 148 520	2 245 203

TECHNICAL SERVICES

TECHNICAL SERVICES	2020/21 DRAFT BUDGET	2021/22 DRAFT BUDGET	2022/23 DRAFT BUDGET
ROADS AND STORM WATER			
REPAIRS			
ROAD STORMWATER PAVEMENTS (503/235070)	5 000 000	5 225 000,0	5 460 125,0
STREET SURFACING SEALING (503/235090)	3 500 000	3 657 500,0	3 822 087,5
TRAFFIC SIGNS/ STREET NAMES (503/235100)	1 500 000	1 567 500,0	1 638 037,5
ROAD MARKINGS (503/235071)	3 166 150	3 308 626,8	3 457 515,0
		-	-
	13 166 150	13 758 626,8	14 377 765,0
GENERAL EXPENDITURE		-	-
MATERIAL AND SUPPLIES (503/260220)	2 000 000	2 090 000,0	2 184 050,0
		-	-
TOTAL	2 000 000	2 090 000,0	2 184 050,0
		-	-
ELECTRICAL & MECHANICAL		-	-
		-	-
REPAIRS		-	-
PUMPSTATION (513/235160) sc6.3	5 000 000	5 225 000,0	5 460 125,0
		-	-
	5 000 000	5 225 000,0	5 460 125,0
GENERAL EXPENDITURE		-	-
MATERIAL AND SUPPLIES (513/260220) sc6.3	300 000	313 500,0	327 607,5
6.2 MUNICIPAL SERVICES (513/260250)	32 500 000	33 962 500,0	35 490 812,5
		-	-
TOTAL	32 800 000	34 276 000,0	35 818 420,0
		-	-
WATER		-	-
REPAIRS		-	-
RESERVOIRS (540/235180)	5 000 000	5 225 000,0	5 460 125,0
BOREHOLE REPAIRING (540/235096)	3 500 000	3 657 500,0	3 822 087,5
BULK WATER MAINS (540/235181)	5 000 000	5 225 000,0	5 460 125,0
		-	-
	13 500 000	14 107 500,0	14 742 337,5
GENERAL EXPENDITURE		-	-
Water Chemicals (540/260290)	8 000 000	8 360 000,0	8 736 200,0
MATERIAL & SUPPLIES (540/260220)	1 500 000	1 567 500,0	1 638 037,5
WATER SERVICE PROMOTION (540/260351)	20 000	20 900,0	21 840,5
portable water tanks	700 000	731 500,0	764 417,5
		-	-
TOTAL	10 220 000	10 679 900,0	11 160 495,5

SANITATION	2020/21 DRAFT BUDGET	2021/22 DRAFT BUDGET	2022/23 DRAFT BUDGET
		-	-
REPAIRS		-	-
Mechanical screen/pump (550/306291)	100 000	104 500,0	109 202,5
MAINHOLES & UNBLOCKING (550/235181)	5 000 000	5 225 000,0	5 460 125,0
CWB Chemicals(550/260697)		-	-
		-	-
	5 100 000	5 329 500,0	5 569 327,5
GENERAL EXPENSE		-	-
Fencing of pont / ponds (550/306281) sc6.3		-	-
Materials and supplies	800 000	836 000,0	873 620,0
TOTAL	800 000	836 000,0	873 620,0
REPAIRS	36 766 150	38 420 627	40 149 555
GENERAL EXPENSES	45 820 000	47 881 900	50 036 586
TOTAL	82 586 150	86 302 527	90 186 140

3.3 DRAFT CAPITAL EXPENDITURE

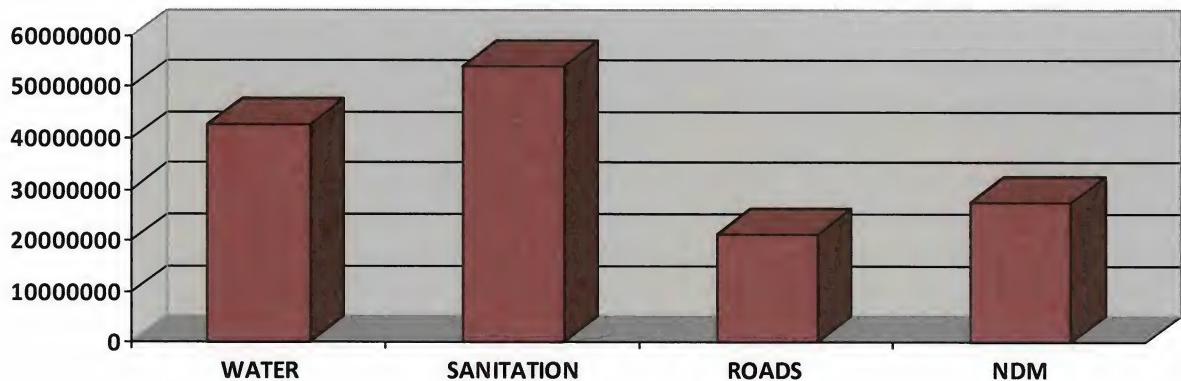
Capital budget is financed through MIG and Donation from NDM.

The following table illustrates the Capital Expenditure by vote

PROJECTS	DRAFT BUDGET 2020/2021	DRAFT BUDGET 2021/2022	DRAFT BUDGET 2022/2023
ROADS AND STORMWATER	20 963 864	-	40 500 000
SANITATION	56 443 735	38 750 000	24 000 000
WASTE MANAGEMENT	-	6 000 000	37 741 800
WATER	33 372 797	80 400 000	15 000 000
TOTALS	110 780 396	125 150 000	117 241 800

NDM Projects	2019/2020 Budget	2020/2021 Drfat Budget	2021/2022 Draft Budget	2022/2023 Draft Budget
Water	10 607 607	13 500 000	5 000 000	-
Roads & Stormwater	17 305 192	12 000 000	12 200 000	-
Sanitation	3 227 500	1 000 000	-	-
TOTAL	31 140 299	26 500 000	17 200 000	-

Below chart illustrates the 2020/2021 capital expenditure



The draft capital budget complies with the Municipal Structures Act and MFMA as it aligns with the Draft IDP. The budgetary allocations for draft capital expenditure have been undertaken in a manner that will not only ensure that the IDP outcomes are achieved but also lead to the municipality's vision being realized.

DETAIL LIST OF 2020/2021 TO 2022/2023 CAPITAL PROJECTS FUNDED BY MUNICIPAL INFRASTRUCTURAL GRANT:

Roads & Stormwater Projects	Ward	Source of Funding	2020/2021		2021/2022		2022/2023	
			Draft Budget	Draft Budget	Draft Budget	Draft Budget	Draft Budget	Draft Budget
Construction of Route and Stormwater Drainage Siyabuswa B	5	MIG	3 500 000	-	-	-	4 000 000	
Construction of Katjibane Bus and Taxi Route	27	MIG	2 000 000	-	-	-	4 000 000	
Construction of Bus and Tai Route at Nokaneng	28	MIG	1 500 000	-	-	-	4 000 000	
Upgrading of Ga-Phaahla Bus and Taxi Route	1	MIG	763 864	-	-	-	3 500 000	
Construction of Bus and Tai Route at Ga-Morwe	9 & 10	MIG	1 700 000	-	-	-	3 000 000	
Upgrading of Kabenziwa Route at Siyabuswa A	3	MIG	1 000 000	-	-	-	3 000 000	
Upgrading of Siyabuswa Maghawe School Route	4	MIG	1 000 000	-	-	-	3 000 000	
Construction of Bus and Taxi Route & Stormwater Drainage system at Ukukhanya	19	MIG	1 000 000	-	-	-	3 000 000	
Upgrading of Seabe (Itsoseng section ring road & storm-water	25	MIG	2 500 000	-	-	-	4 000 000	
Upgrading of Ga-Maria Bus and Taxi Route	22	MIG	1 000 000	-	-	-	3 000 000	
Upgrading of Lefiso Bus and Taxi Route	22	MIG	2 000 000	-	-	-	3 000 000	
Upgrading of Marapayne Bus and Taxi Route	23	MIG	3 000 000	-	-	-	2 000 000	
SUB-TOTAL			20 963 864	-	-	-	40 500 000	

Sanitation Projects	Ward	Source of Funding	2020/2021 Draft Budget	2021/2022 Draft Budget	2022/2023 Draft Budget
Provision of CWB toilets in Leseleseleeng	27	MIG	670 984	-	-
Provision of CWB toilets in Masobye	31	MIG	872 724	-	-
Provision of CWB toilets in Mogononong	6	MIG	1 466 217	-	-
Provision of CWB toilets in Ramogelletsane	7	MIG	927 689	-	-
Provision of CWB toilets in Marapyane	24	MIG	1 513 841	-	-
Provision of CWB toilets in Ga-Morwe	9	MIG	670 984	-	-
Provision of CWB toilets in Mabusabesala	11	MIG	670 984	-	-
Provision of CWB toilets in Matshiding	12	MIG	835 492	-	-
CWB toilets at Digwale	15	MIG	356 698	-	-
CWB toilets at Mbongo	17	MIG	1 413 841	-	-
CWB toilets at Senotlelo	20	MIG	1 513 841	-	-
CWB toilets at Seabe	25	MIG	835 492	-	-
CWB Toilets at Kabeto	21	MIG	1 556 698	-	-
Upgrading of Siyabuswa Waste Water Treatment Plant	4	MIG	20 000 000	10 000 000	
Upgrading of Libangeni oxidation pond and palicade fencing	16	MIG	10 000 000	8 000 000	
Construction of Sewer Reticulation at Ga-Phaahla	1	MIG	-	12 750 000	15 000 000
Construction of Sewer Reticulation at Libangeni	16	MIG	13 138 250	8 000 000	9 000 000
SUB-TOTAL			56 443 735	38 750 000	24 000 000

WATER PROJECTS	Ward	Source of Funding	2020/2021	2021/2022	2022/2023
			Draft Budget	Draft Budget	Draft Budget
Drilling of Borehole with Storage tank, electricity connection at Madubaduba	19	MIG	986 700	-	-
Drilling of Borehole with Storage tank, electricity connection at Maganagoboswa/Ga-Maria	2 & 22	MIG	1 788 078	-	-
Drilling of Borehole with Storage tank, electricity connection at Majakaneng	13	MIG	1 379 828	-	-
Drilling of Borehole with Storage tank, electricity connection at Maphotla	14	MIG	986 700	-	-
Drilling of Borehole with Storage tank, electricity connection at Phake	30	MIG	882 021	-	-
Drilling of Borehole with Storage tank, electricity connection at Nokaneng	28	MIG	1 379 828	-	-
Drilling of Borehole with Storage tank, electricity connection at Watervaal	12	MIG	581 051	-	-
Drilling of Borehole with Storage tank, electricity connection at Semohlase/ Nokaneng	26	MIG	1 015 795	-	-
Construction of pipe line from Mthombo to WWT including upgrading of pump station	1 & 9	MIG	24 372 796	-	-
Construction of Madlayedwa Bulk Water	13	MIG	-	7 500 000	-
Construction of Mrhetjha Water Reticulation		MIG	-	9 200 000	-
Construction of Mbongo Water Reticulation		MIG	-	6 000 000	-
Construction of Senotlelo Water Reticulation		MIG	-	10 000 000	15 000 000
Construction of Matshelepata Water Reticulation		MIG	-	5 000 000	-
Construction of Water Reticulation in Seabe Itsoseng Section		MIG	-	10 200 000	-
Construction of Setateng Water Reticulation		MIG	-	9 800 000	-
Construction of Water Reticulation in Seabe Terateng Section/ Leseleseleng	25/27	MIG	-	3 500 000	-
Construction of Maphotla Water Reticulation	14	MIG	-	11 200 000	-
Construction of Water Reticulation Toitskraal		MIG	-	8 000 000	-
SUB-TOTAL			33 372 797	80 400 000	15 000 000

WASTE MANAGEMENT PROJECTS	Ward	Source of Funding	2020/2021	2021/2022	2022/2023
			Draft Budget	Draft Budget	Draft Budget
Construction of Mnametlhake Landfill Site	29	MIG	-	2 000 000	17 741 800
Construction of Mdutjana Landfill Site		MIG	-	4 000 000	20 000 000
SUB-TOTAL			-	6 000 000	37 741 800

NDM PROJECTS

PROJECT	FEB Adjustment Budget 2019/20	Sum of 2020/21		Sum of 2021/22		Sum of 2022/23	
		Draft Budget		Draft Budget		Draft Budget	
6.3 Blue & Green Drop Assistance: Dr JS Moroka	333 333	200 000	-	-	-	-	-
6.3 Co Sourced Internal Audit Support Dr JS Moroka	430 282	500 000	60 000	62 500	-	67 500	-
6.3 Disaster Management Awareness Campaign Dr JSM	120 000	-	-	-	-	-	-
6.3 Feasibility Study Integrated Human Settlement Dr JSM	633 000	-	-	-	-	-	-
6.3 Ga-Morwe to Mthambothini Vehicle Bridge	8 131 900	9 000 000	7 000 000	-	-	-	-
6.3 Ga-Morwe to Mthambothini Vehicle Bridge (CB)	1 076 250	-	-	-	-	-	-
6.3 High Mast Lights: Dr JS Moroka	3 000 000	-	-	-	-	-	-
6.3 HIV Aids Campaign Dr JS Moroka	147 977	60 000	60 000	60 000	75 000	-	-
6.3 Installation of MPLS	9 900 000	2 000 000	-	-	-	-	-
6.3 Kabenziwa Stormwater Control	1 944 115	-	-	-	-	-	-
6.3 Kabenziwa Stormwater Control (CB)	1 403 544	-	-	-	-	-	-
6.3 Kakarela Road Ward 12 Construction of Stormwater	-	-	500 000	520 000	544 960	-	-
6.3 Land Surveying Dr JS Moroka	-	-	3 000 000	2 500 000	-	-	-
6.3 Mabuyeni Stormwater Drainage System	600 000	-	-	-	-	-	-
6.3 Madubaduba & Moripe Gardens Water Supply (CB)	525 291	-	-	-	-	-	-
6.3 Madubaduba & Moripe Gardens Water Supply	5 223 985	9 500 000	5 000 000	70 000	73 360	-	-
6.3 MHS Education and Awareness Dr JS Moroka	45 000	60 000	-	-	-	-	-
6.3 Mogononong to Siyabuswa Magistrate Court Road	-	-	-	-	-	-	-
6.3 Moral Regeneration Dr JS Moroka	75 000	50 000	50 000	50 000	50 000	50 000	-
6.3 Procurement of Grader: Dr JS Moroka	-	-	-	-	-	-	-
6.3 Review of Land Use Scheme Dr JS Moroka ph2 (CB)	308 000	-	-	-	-	-	-
6.3 SCM Debtors Verification System Dr JS Moroka	471 912	-	-	-	-	-	-
6.3 State Land Release Integrated Human Settlement Dr JS (CB)	90 000	-	-	-	-	-	-
6.3 State Land Release Integrated Human Settlement Dr JS M	527 500	-	-	-	-	-	-
6.3 Stormwater Matshidzing	6 401 108	-	-	-	-	-	-
6.3 Stormwater Matshidzing (CB)	2 772 184	-	-	-	-	-	-
6.3 Township Establishment Integrated Human Settlement Dr JS	-	1 669 537	1 500 000	1 572 000	-	-	-
6.3 VIP Toilets and Septic Tanks Dr JS Moroka (CB)	1 227 500	-	-	-	-	-	-
6.3 VIP Toilets and Septic Tanks Drainage: Dr JS Moroka	2 000 000	1 000 000	-	-	-	-	-
6.3 Water Tanker: Dr JS Moroka	5 383 622	-	-	-	-	-	-
6.3 Refurbish Mkhombo Emergency Water Supply	-	4 000 000	-	-	-	-	-
Grand Total	52 771 503	31 599 537	18 762 500	18 762 500	2 382 820		

PART 2 - SUPPORTING DOCUMENTATION

4. BUDGET PROCESS OVERVIEW

MFMA, Chapter 4, as well as Circular 59 provide guidance on the steps in the annual budget process. Critical to the development of a credible budget are:

Consultation with the community and other stakeholders, as summarized below:

1. Political oversight and management of the budget process
2. Time schedule relating to the budget process
3. Process for tabling of budget and community consultations

4.1 Political oversight of the budget process

The Council and Management convened various planning sessions to discuss political and strategic priorities that would inform the IDP/Budget review. Formal and Informal meetings were also convened with managers to discuss issues relevant to the budget.

4.2 Schedule of Key Deadlines relating to budget process [MFMA s 21(1)(b)]

The process schedule of key deadlines for the preparation of the budget for the 2020/2021 medium term budget was approved by Council

4.3 Process for tabling of budget and community consultation

In terms of section 23 of the MFMA, after the budget is tabled, the municipal council must consider any views of the local community, National Treasury, relevant provincial treasury and any provincial or national organ of state or municipalities which made submissions on the budget.

4. OVERVIEW OF BUDGET RELATED POLICIES

This section provides an overview of the budget related policies to be approved by council resolution.

The following indicates the names of the existing budget related policies which are also attached as annexures:

- ✓ Asset Management policy
- ✓ Budget policy
- ✓ Cash management and investment policy
- ✓ Credit Control and Debt collection policy

- ✓ Debt impairment and the writing off policy
- ✓ Indigent policy
- ✓ Property rates policy
- ✓ Loss control policy
- ✓ Supply chain management policy
- ✓ Tariff policy

The objective of this Tariff Policy is to ensure the following:

- Tariffs must conform to acceptable policy principles;
- Municipal services must be sustainable;
- Tariffs must comply with the applicable legislation; and
- Tariffs should take indigent consumers into consideration

The proposed tariff increase for the financial year 2020/2021 to be effective by 1 July 2020 is as follows:

2020/2021	2021/2022	2022/2023
4.5%	4.6%	4.6%

5. Overview of Budget Assumptions

5.1 Expenditure

Salaries and Allowances

Salaries are at 31% of the total draft budget and the councilor's remuneration at 4%.

General expenditure

General expenditure is at 24% of the total draft budget

Repairs and Maintenance

The total repairs and maintenance is 7% of the total draft budget.

Capital projects

Capital projects are 19% of the total draft budget

Debt Impairment

Provision of 7% of the total draft budget has been made for debt impairment

Depreciation

Provision of 9% of the total draft budget has been made for depreciation

5.2 Revenue

Households

It is assumed that the total number of households in the municipal area (the tax base) will increase during the financial year.

Collection rate for municipal services

It is assumed that the collection rate for the financial year 2020/2021 will decrease due to the job losses as a result of COVID-19 that has affected the economy.

Grants

It is assumed that the National grants as per Division of Revenue Act (DORA) which has been included in the budget will be received during the 2020/21 financial year.

Indigents

It is assumed that the indigents will increase during the financial year.

6. OVERVIEW OF BUDGET FUNDING

In terms of Section 18 of Municipal Finance Management Act, an annual budget may be funded from:

- ✓ Realistically anticipated revenues to be collected
- ✓ Cash backed accumulated funds from previous years surpluses not committed for other purposes
- ✓ Borrowed funds but only for the capital budget referred to in Section 17

On the basis of the above it should be noted that the municipal budget is funded mainly from:

- ✓ **Equitable Share** which is constitute **55%** of revenue which is to fund the day to day running of the municipality and fund the services consumed by the indigent section of the community.
- ✓ **Conditional Grants** (MIG, EPWP, FMG and Disaster Relief Grant) constitute **17%** and the grant is used to fund the infrastructure backlog as well as capacitating financial officials and interns.
- ✓ **Donation from NDM** constitute 4% of the total municipal revenue projected.
- ✓ **Own revenue** constitutes **24%** of the budget. (Relates to realistically anticipated revenue to be collected) This portion of the budget depend on the municipal ability to raise and collect revenue so that it can be able to fund its operations

7. COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS

MP316 Dr J.S. Moroka - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Councillors (Political Office Bearers plus Other)	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages		10 869	21 205		17 119	17 119	17 119	18 143	19 970	21 279
Pension and UIF Contributions		1 578			2 298	2 298	2 298	2 298	2 298	2 298
Medical Aid Contributions		686			764	764	764	764	764	764
Motor Vehicle Allowance		4 377			4 634	4 634	4 634	4 634	4 634	4 634
Cellphone Allowance					786	786	786	786	786	786
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		17 510	21 205	-	25 600	25 600	25 600	26 625	28 452	29 761
% increase	4		21,1%	(100,0%)	-	-	-	4,0%	6,9%	4,6%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3 679	4 067		5 977	276	276	276	286	320
Pension and UIF Contributions		704	833		516	116	116	116	118	119
Medical Aid Contributions					268	68	68	68	88	90
Overtime					80	80	80	80	90	100
Performance Bonus		77	36		316	316	316	316	326	340
Motor Vehicle Allowance	3				174	174	174	174	174	184
Cellphone Allowance	3				89	89	89	89	109	102
Housing Allowances	3				9	9	9	9	9	17
Other benefits and allowances	3	552	258		13	13	13	13	13	20
Payments in lieu of leave										
Long service awards			215							
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		5 010	5 409	-	7 442	1 142	1 142	1 142	1 213	1 292
% increase	4		8,0%	(100,0%)	-	(84,7%)	-	-	6,3%	6,5%
Other Municipal Staff										
Basic Salaries and Wages		107 190	110 399		158 785	138 086	138 086	140 182	148 944	158 250
Pension and UIF Contributions		20 708	22 691		36 776	36 776	36 776	40 330	42 851	45 529
Medical Aid Contributions		7 790	8 829		16 912	16 912	16 912	18 490	19 645	20 873
Overtime		7 309	3 359		1 917	1 917	1 917	642	682	725
Performance Bonus		8 718	8 608		17 318	17 318	17 318	21 008	22 321	23 716
Motor Vehicle Allowance	3	3 145	4 380		5 530	5 530	5 530	5 917	6 287	6 680
Cellphone Allowance	3	816	931		979	979	979	1 048	1 113	1 183
Housing Allowances	3	1 556	2 099		1 296	1 296	1 296	1 104	1 173	1 247
Other benefits and allowances	3	4 412	298		45	45	45	3 887	4 130	4 388
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		161 645	161 594	-	239 557	218 858	218 858	232 608	247 147	262 591
% increase	4		(0,0%)	(100,0%)	-	(8,6%)	-	6,3%	6,3%	6,2%
Total Parent Municipality		184 165	188 208	-	272 600	245 600	245 600	260 374	276 812	293 643

8. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

MP316 Dr.J.S. Moroka - Supporting Table S430 Budgeted monthly cash flow

MONTHLY CASH FLOWS		Budget Year 2020/21												Medium Term Revenue and Expenditure Framework			
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23	
Cash Receipts By Source														1	1		
Property rents		3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	40 000	41 960	44 016	
Service charges - electricity revenue		8 250	8 250	8 250	8 250	8 250	8 250	8 250	8 250	8 250	8 250	8 250	8 250	98 000	103 051	-	
Service charges - water revenue		750	750	750	750	750	750	750	750	750	750	750	750	9 000	9 414	9 847	
Service charges - sanitation revenue		525	525	525	525	525	525	525	525	525	525	525	525	525	6 300	6 393	6 883
Service charges - refuse revenue		16	16	16	16	16	16	16	16	16	16	16	16	16	195	204	213
Rental of facilities and equipment		458	458	458	458	458	458	458	458	458	458	458	458	458	5 500	5 753	6 018
Interest earned - external investments		1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	20 000	20 320	21 882
Interest earned - outstanding debtors														-	-	-	
Dividends received																	
Fines, penalties and arrears															4 184	4 376	
Licences and permits															4 393	4 595	
Agency services																468 915	
Transfers and Subsidies - Operational															443 704		
Other revenue															2 729	2 860	
Cash Receipts by Source		119 510	119 510	119 510	119 510	119 510	119 510	119 510	119 510	119 510	119 510	119 510	119 510	119 510	608 902	643 701	678 555
Other Cash Flows by Source																	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		31 061															
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departments, Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	
Proceeds on Disposal of Fixed and Intangible Assets																	
Short term loans																	
Borrowing long term/refinancing																	
Increase (decrease) in consumer deposits																	
Decrease (increase) in non-current receivables																	
Decrease (increase) in non-current investments																	
Total Cash Receipts by Source		150 571	16 031	43 531	16 031	150 571	16 031	150 571	16 031	150 571	16 031	150 571	16 031	16 031	153 187	163 187	163 187
Cash Payments by Type															760 647	760 647	760 647
Employee related costs																	
Remuneration of councillors																	
Finance charges																	
Bulk purchases - Electricity																	
Bulk purchases - Water & Sewer																	
Other materials																	
Contracted services																	
Transfers and grants - other municipalities																	
Transfers and grants - other																	
Other expenditure																	
Cash Payments by Type																	
Other Cash Flow/Payments by Type																	
Capital assets																	
Repayment of borrowing																	
Other Cash Flows/Payments																	
Total Cash Payments by Type																	
NET INCREASE/(DECREASE) IN CASH HELD																	
Cash/cash equivalents at the month/year begin:																	
Cash/cash equivalents at the month/year end:																	

9. LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

9.1 In year reporting

Reporting to National Treasury in electronic format was complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has been adhered to.

9.2 Internship programme

Dr JS Moroka Local municipality is participating in the Municipal Financial Management Internship programme, currently employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the municipality has successfully employed and trained interns through this programme.

9.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

9.4 Audit Committee

An Audit Committee has been established and is functional.

10. Conclusion

After tabling the Draft Annual Budget to council the municipality will consider any views from community, National Treasury, Provincial Treasury and other organ of state as stipulated in Section 23 of the Municipal Finance Management Act. As a result of COVID-19 regulation will be taken into consideration for guidance with regard to consultation with the community.

11. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I B.M Mhlanga, Administrator of Dr JS Moroka Local Municipality, hereby certify that the 2020/2021 draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name

B.M Mhlanga

Administrator of Dr JS Moroka Local Municipality (MP316)



A handwritten signature in black ink, enclosed in an oval border. The signature reads "B.M Mhlanga". Below the oval, the word "Signature" is printed in a bold, sans-serif font.

20.06.2020

Date



dr.jsm.lm

DR JS Moroka Local Municipality

OFFICE OF THE MUNICIPAL MANAGER

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Email: municipalmanager@moroka.gov.za
Facebook: Dr JS Moroka Local Municipality

Enq: Mhlanya B.M

26 May 2020

TO: DEPUTY CFO

1. You are hereby informed that Council at its Special Sitting held on the 26 May 2020 resolved as follows:

R455.05.2020ND DRAFT ANNUAL BUDGET 2020/21 – 2021/23 MTREF

- 1.1. THAT, Council adopt the draft annual budget 2020/21 to 2021/23 Medium Term Revenue and expenditure Framework.
- 1.2. THAT, Council adopt the tariffs for the services provided by the municipality as contained in the tariff structure as follows:

2020/2021	2021/2022	2022/2023
4.5%	4.6%	4.6%

- 1.3. THAT, Council adopt the following budget related policies:
 - 1.3.1. Budget Policy
 - 1.3.2. Tariff policy and Tariff Structure
 - 1.3.3. Credit Control and Debt Collection Policy
 - 1.3.4. Property Rates Policy.
 - 1.3.5. Free Basic Services and Indigent Support.
 - 1.3.6. Impairment of Debt and Write-off Policy.
 - 1.3.7. Cash Management and Investment Policy.
 - 1.3.8. Supply Chain Management Policy.
 - 1.3.9. Asset Management Policy.
 - 1.3.10 Loss control policy.

2. Please ensure that the above resolution of Council is dealt with.

MR. MHLYANGA B.M
ADMINISTRATOR